

BETHANY LUTHERAN CHURCH
A Path Forward for Affordable Housing
A Proposal for the Congregation Council and the Congregation
October 2020

I. Background

For many years, Bethany Lutheran Church has pondered how to exercise faithful stewardship of the southern portion of its property between Sportsman Club and Finch Roads (generally referred to as the “South 40”). A resolution passed at a congregational meeting in 2017 established affordable housing as a priority, and a number of preliminary steps were undertaken to explore this possibility. These steps included identifying Housing Resources Bainbridge (HRB) as a co-collaborator, and conducting preliminary analysis of septic capacity, which revealed the ability of the South 40 to support up to 14 units of housing (without taking into account the possible additional capacity of the northern portion of the property or the possibility of extending the city sewer line from Weaver Road). Later, in 2018, “Talking Points” were prepared to synthesize the consensus of discussions regarding affordable housing on Bethany’s property and to provide a common framework for advocating next steps. (A copy of the Talking Points is attached as an exhibit to this memo.)

In the same time period, a City of Bainbridge Island (COBI) Task Force on Affordable Housing (AHTF) was appointed and convened. (The AHTF included Bethany members Stephen Deines and Ed Kushner.) After considerable work, the AHTF prepared a Final Report, which strongly encouraged taking steps to develop affordable housing; and it included a recommendation to adopt “Innovations Programs”, which is a policy to allow City staff the flexibility to permit building projects on a limited basis that do not otherwise fit into the zoning and land use code. Since the adoption of the AHTF Final Report, a number of Bethany members have advocated informally that development of a portion of its property for affordable housing should be one such Innovation Program.

One other important recent development informs current consideration of next steps at Bethany. In 2019, the Washington state legislature passed Substitute House Bill 1377 (codified as RCW 35A.63.300) which states, in pertinent part, that a city “must allow an *increased* density bonus consistent with local needs for any affordable housing development of any single-family or multifamily residence located on real property owned or controlled by a religious organization.” (Emphases added.) Informal preliminary conversations with COBI have taken place regarding the impact of this statute on proposed development of affordable housing on Bethany’s property. Various committees of the Planning Commission and City Council also are discussing how this new statute can be used on Bainbridge Island as part of the AHTF Innovations Program, without having to do any special re-zone.

In order to understand potential options, it also is necessary to consider existing zoning. Bethany's property is zoned R-0.4, which would allow building 4 homes. A COBI ordinance also provides for a bonus density of an additional two units for affordable housing. Thus, we have been advised that 6 houses, plus 6 accessory dwelling units (ADUs), could be built on the property as affordable housing without a variance or change in the zoning. It is proposed that this development, for the most part, would be located on the South 40.

II. Next Steps

A. Options for Congregational Action

Essentially, there are two categories of options for Bethany in considering next steps with respect to moving forward with affordable housing on its property:

- (1) defer action;
- (2) proceed with an initial phase of planning and development to build an affordable housing project that can be constructed consistent with COBI zoning and can be supported using on-site septic systems.

While no action is necessary for the first option, the second alternative will require additional work and funding, which will require action at a duly called meeting of the congregation. In this context, it is important to point out that under either option informal consultations will continue with COBI about implementing an *increased* density bonus for affordable housing on Bethany's property, as called for by SHB 1377, and about implementing an Innovation Program as called for by the AHTF Report.

For purposes of this memo, it also is important to point out that another option was considered and was ruled out for multiple reasons. That option is to pursue a zoning change that would allow an increase in density on the property. Numerous factors weigh against this option, mainly the substantial time and monetary commitment required to obtain a change in zoning or a variance, likely opposition of neighbors and others in the community, and recent experience on Bainbridge Island with projects such as the proposed development on the Suzuki property. Moreover, it is probably premature and likely counterproductive to begin a re-zoning or variance process while the impact of SHB 1377 remains under consideration.

Under any of these options, informed decision-making requires some analysis of the administrative process to proceed, the pre-construction costs, and the timetable to obtain approval of a plan. Therefore, the following summary provides preliminary information on these issues. At the conclusion of this memo is a recommendation for moving forward in the near future with the second option.

B. Overview of the Approval Process

COBI Municipal Code 2.16.125 describes in detail the steps required to translate a vision for creation of affordable housing (or, for that matter, any housing) into an approved development project that can be constructed. This ordinance governs the pre-construction preliminary approval process for a “long subdivision”, which is defined as more than 4 lots, and the eventual approval of a Preliminary Plat. (A copy of this Code provision is available in the Government section of the COBI website under “Documents, City Code”.) Once a Preliminary Plat for a project is approved on a site, it becomes an entitlement that can be built immediately or deferred. By way of overview, the steps to obtain approval of a Preliminary Plat for a subdivision are briefly described below. (These are the steps necessary before construction drawings can be finalized, building permits issued, and construction can begin.) Subsequent sections discuss what is involved in each step, an estimate of the costs, and an approximate timetable.

1. Conceptual Proposal Review Meeting (CPM)

- Informal meeting with COBI staff/Design Review Board (DRB) to address concept and City requirements and to clarify procedural steps
- Clarity regarding scope of plan is highly desirable

2a. Design Guidance Review Meeting (DGM)

- Formal meeting with DRB
- Initial determination that design is consistent with City guidelines and Comprehensive Plan
- Location of buildings and open space designated; access defined
- Initial lot lines drawn upon completion of preceding steps
- Presupposes survey accomplished and septic system approved

2b. Site Assessment Review (SAR)

- Submission of Site Assessment (study) to Public Works Department
- Meeting with Public Works

3. Pre-application Conference

- Application submitted to Planning Department, DRB and Planning Commission
- Community meeting held in conjunction with Planning Commission meeting

4. Application for subdivision (Preliminary Plat) and follow-up reviews

- Complete application submitted
- Review by Kitsap Public Health District
- Review by City Engineer
- Review and recommendation by DRB
- Review and recommendation by Planning Commission
- Review by Director of Planning
- Public Hearing, resulting in Hearing Examiner’s written findings

5. Civil plan review, also known as Plat Utilities Plan

- Civil engineering and site utility construction plans submitted for review by staff and subsequent approval by City Engineer

6. COBI approval of the Preliminary Plat

C. What Does this Mean?

1. Initial Steps

In order to understand the steps necessary to translate a vision into an approved Preliminary Plat to build a subdivision on Bethany's property, it is important preliminarily to describe the persons who will be involved in developing the plans, as well as those involved in the plan's review and approval. Collectively, these persons comprise the "Project Team".

The Project Team consists of three groups: the Client (i.e., Bethany Lutheran Church), Design Consultants, and the City (COBI). The Client, through a designated small task force, will work closely with the Design Consultants, (including architect, surveyor, civil engineer, septic engineer, geo-tech specialist, traffic engineer, environmental consultant(s), landscape architect(s), and perhaps others), led by the Architect, to define and design the project. Once identified, retained, and organized, the Design Consultants become the Design Team, which works closely with City staff to ensure that all requirements and regulations are met resulting in Preliminary Plat approval by COBI staff and the Hearing Examiner.

COBI's process, outlined above and described in more detail below, has various checkpoints along the way (submissions, meetings, reviews, etc.), which are intended to ensure that an idea is translated into a project that moves forward smoothly to an approvable Preliminary Plat. During this process, the Architect will coordinate the work of the Design Team into one comprehensive package that is submitted at each stage. Each stage builds on the previous one, with revisions being made based on feedback from COBI.

As a practical matter, the actual design work of the project takes place primarily in the times between these checkpoints. The submissions, meetings, and reviews occur at the completion of each phase of work.

The design work on the project is an iterative process with the Client and the Design Team, working together to define what form the project will take to meet all of the varied requirements: program, budget, regulatory, environmental, health, etc. The design work will begin with a Site Study to understand the existing conditions on the site, the surrounding context of natural systems, neighborhoods, city infrastructure, etc.; it also will include consideration of any restrictions that might be required by elements such as septic capacity, etc. This initial site analysis also will start to map and define all

existing conditions and features on the site including buildings, existing drainage systems, parking areas, stands of trees, any Aquifer Recharge Protection Area, and other critical areas, if applicable, for the subdivision; it also will identify the Natural Area, any required setbacks, etc. These studies will guide the Design Team to identify the most appropriate location on the site on which to situate the proposed development. This work will be presented to COBI at the Conceptual Proposal and Site Assessment Review (SAR) meetings.

During this early stage the Client will work with the Architect to provide the Design Team with a written project Program and Scope document. This can be an evolving document as the program and scope will be affected by site capacity and constraints, as well as what COBI may allow as an increased density bonus.

2. From Initial Steps to Approval of the Preliminary Plat

The **Conceptual Proposal Review Meeting (CPM)** with the Design Review Board (DRB) is the first formal step forward, and it is an opportunity to present the site analysis and the vision for the project and to obtain feedback. Members of the DRB will describe their concerns, discuss potential issues, and identify areas of the *Design for Bainbridge Guidelines* document that may need to be addressed. In preparation for the CPM, the Design Team will create a series of conceptual site plans that show what has been learned from the Site Study. These will be presented to the Client for review and feedback. These options may also be presented at the CPM. Based on feedback, a preferred approach to the site planning will evolve.

At the **Design Guidance Review Meeting (DGM)** a more developed plan is presented to the DRB. This requires information about what the homes will look like, as well as a presentation as to how the project will meet the *Design for Bainbridge Guidelines*. Prior to this meeting, the Architect will create schematic designs for the homes that will first be presented to the Client for review, feedback, and subsequent revision. These designs will be presented to the DRB, along with a revised site plan.

The site plan also will include input from the following members of the Design Team: the Civil Engineer regarding grading, low-impact stormwater management, utility connections etc.; the Septic Engineer regarding location, size, and configuration of drain fields, reserves etc.; the Landscape Architect regarding how new landscapes can fit in with existing ecosystems on site etc.; along with input from other consultants. All this information will be regularly presented to the Client for its input, review, and feedback.

At about the same time as the DGM, the **Site Assessment Review (SAR)** will take place. This is a meeting with and presentation to the COBI Public Works Department showing the Site Study and proposals for low impact stormwater

management, site and off-site improvements, etc. Public Works provides comment and feedback for incorporation into the design proposal.

At the completion of the DGM and SAR, there will be a clear idea as to the direction the project will take. Information from these meetings is then synthesized and packaged for presentation to COBI Planning Department staff in the **Pre-Application Submission**. This package offers COBI staff with its first opportunity to give the project a thorough review and to provide feedback. Given the extensive nature of the work required for the Pre-App package, and the review steps taken to get to this point, ideally staff will give the project a basic blessing and then provide information about what else needs to be provided with the Application for Subdivision.

The **Application for Subdivision/Preliminary Plat** follows the Pre-Application Conference and Letter. Each member of the Design Team prepares the necessary documents for the Application, incorporating any revisions, recommendations and requirements from the City. These efforts are coordinated by the Architect. Once complete, the package is submitted, and COBI (staff, DRB, Planning Commission) begins a review process to ensure that the project meets all the requirements of the code. This process includes a Public meeting, and culminates in review by the Hearing Examiner.

While the City engages in its review, the Design Team may (but is not required to) continue moving the project forward by completing the design of the project/homes and preparing building permit and construction documents for the site and homes, as well as working with contractors in providing construction pricing that can lead to a construction contract with a contractor. Building permits can be submitted and reviewed prior to approval of the Preliminary Plat. These can be issued once the plat has been approved.

Once the Preliminary Plat has been approved construction of the plat utilities can commence. When completed or bonded for, the Final Plat then can be approved.

D. Timeline

Once congregational approval is obtained, the Design Team must be assembled and work commenced in order to initiate COBI's process to obtain a Preliminary Plat. Thereafter, the following is a reasonable (not leisurely!) timetable for each required step:

1. Conceptual Proposal Review Meeting
 - 2 Months

2. Design Guidance Review Meeting
 - 2 Months
3. Pre-application Conference
 - 2-4 Months
4. Application for subdivision and follow-up reviews
 - 3-4 Months to submittal
 - 6-8 Months of review
5. Civil site utilities plan review and approval
 - Concurrent to above

In sum, once COBI's review process is initiated, a reasonable estimation is that the Preliminary Plat can be approved in between 15 and 20 months.

E. Estimated Expenses

The total estimated costs of an affordable housing project on Bethany's property depend upon many variables (including, but not limited to, the number and design of units to be built, site issues, labor and materials, donated services, financing, and other potential considerations/expenses). It is important to realize that the ultimate cost of a housing project on Bethany's property will be millions of dollars! However, regardless of its eventual scope, it is reasonably possible to estimate a range of expenses to obtain approval of a Preliminary Plat, the necessary condition precedent to constructing an approved subdivision. In this context, it also is important to reiterate that once a Preliminary Plat is approved, following the process described above, it legally becomes an entitlement to be constructed immediately or at some time in the future.

Based upon other projects recently developed and considered by COBI, as well as conversations with architect Jonathan Davis, who has been invaluable both in providing informal input (including identifying the availability of the new state statute) and in engaging in conversations with COBI about the opportunity for affordable housing on Bethany's property, we can provide an estimate of anticipated costs from beginning the process to seek approval to obtaining approval of the Preliminary Plat. Thus, we believe that a reasonable estimate is between \$250,000 and \$325,000. (This does not include any actual construction costs, financing considerations, or consultant fees beyond the Preliminary Plat.) It also is important to point out in this context that several members of Bethany have indicated preliminarily that they are willing to make special gifts toward these estimated costs to enable moving forward to obtain a Preliminary Plat.

III. Summary and Recommendations

Bethany has been discussing using a portion of its property for affordable housing for decades. Since 2017, the urgency of the housing situation on Bainbridge Island, preliminary site analyses, as well as efforts undertaken by COBI and legislative changes, all have brought Bethany to a crossroads. Circumstances could change in the long run (such as the approval of an increased density bonus for more affordable housing per the new Washington statute, availability of a sewer connection, zoning changes, etc.). However, septic capacity and zoning requirements currently provide congruent limitations such that 6 dwelling units and 6 ADUs could be constructed on the South 40 in the near future, and perhaps could be an initial step in a phased development over time. This congruence, together with the widespread interest at COBI and in the Bainbridge community to do something to implement the Report of the Affordable Housing Task Force and provisions in the Comprehensive Plan, lend support for moving forward. Bethany can become a model of an Innovation Program on Bainbridge Island and beyond!

Obviously, a congregational meeting will be required to authorize the expenditure of funds for the process of obtaining a Preliminary Plat. Given current circumstances, accomplishing the work necessary to tee-up a recommendation for congregational approval will take several months and preliminary work. As a practical matter, beginning this pre-work does not make sense unless there is support from the Congregation Council to move forward. In addition, it is recommended that preliminary Congregation Council authorization include limited fundraising authority and appointment of a small task force. Its tasks will include identifying potential members of the project team and “setting the table” for bringing a resolution to the Annual Meeting in January. While selecting the individuals does not need to be done immediately, it would be helpful and advisable to begin identifying possible members in the near future.

In conclusion, after years of discussion a *Kairos* moment -- an opportune time -- exists for Bethany Lutheran Church. While the journey to the promised land of affordable housing will be a long one, every journey must begin with a first step. Now is the time for the first step!

Exhibit 1:

BETHANY LUTHERAN CHURCH PROPERTY UTILIZATION TASK FORCE TALKING POINTS

1. Bethany Lutheran Church has a vision for using a portion of its property for affordable housing. There is both a need in the Bainbridge Island community and a will in the Bethany family to move forward on its vision!
2. There is an acute shortage of affordable housing on Bainbridge Island, particularly rentals:
 - The median single family house price on BI in 2017, according to the City’s Affordable Housing Task Force Report, was \$840,000, a record, and there was the lowest inventory in history. Four years ago, according to Zillow, it was \$523,000.
 - According to Neighborhoodscout.com, less than 15% of houses on the market on BI, as of the end of June 2018, were priced at less than \$400,000.
 - In the 2016 Comprehensive Plan, the “Housing Needs” section stated that 40% of persons occupying rental units are “cost burdened”, meaning that they spend over 30% of their income on housing.
 - As of the end of June 2018, Zillow listed fewer than 10 rentals available on BI with monthly rents of less than \$2000/month. (According to the definition used in the Comprehensive Plan, a person or family earning less than approximately \$72,000 per year is “cost burdened” in a rental unit in which the rent is \$2000/month.)
3. Bethany owns approximately 8 acres, located between Sportsman Club, Finch, and High School Roads. The worship center, fellowship hall, and educational wing occupy less than 1/2 of the property. The parking lot -- south of the developed portion of the property -- is shared with Kitsap Transit, which leases approximately 1/3 of the parking spaces for a Park-and-Ride. In the past 20 years, the rest of the property has sometimes been used as an orchard, ball field, and area for group activities, but at present it is not used for those purposes. Thus, there is between 3 and 4 acres on the southern portion of Bethany’s property available for development for alternative uses, such as for affordable housing.
4. Bethany Lutheran Church has an ideal location for affordable housing — there is a bus stop, Park-and-Ride lot and other available parking, and reasonable walking distance to stores and schools for most able walkers.
5. The Bethany congregation has been exploring options for use of its “South 40” for many years, and in January 2017 the congregation at its annual meeting established a Property Utilization Task Force (aka “the South 40 Task Force”) to explore the issue of affordable housing and to bring recommendations back to the congregation. In response, in October 2017 the congregation passed a *Resolution Regarding Property Utilization*. It stated that it is “not just advisable but urgent to proceed with a plan to develop Bethany’s property for affordable housing”.

6. The Bethany congregation's *Resolution Regarding Property Utilization* in October 2017 also affirmed a number of issues on which the South 40 Task Force achieved a consensus:

- The goal is to provide affordable, sustainable housing on Bainbridge Island.
- We would like Bethany's project to be a model for replication elsewhere.
- Stewardship of the property is important, so the preference is to maintain Bethany ownership.
- Property management should be provided by someone else (HRB, for example).
- The developed property must be aesthetically pleasing and attractive to the congregation and the neighborhood.
- We want to collaborate with other congregations/faith-based groups on Bainbridge Island on this project, but ownership/rental of units would not be limited to Bethany or church members.

7. The Bethany South 40 property has been perc-tested by a Washington State licensed on-site sanitation systems designer, and — based on conversations with the Kitsap Public Health Department — it can support an on-site sanitation system for up to 14 2-bedroom housing units. (This does not take into account potential capacity of the rest of Bethany's property.) While the South 40 Task Force has been advised that the most acute housing need is for rentals, no decisions have been made regarding design or ownership versus rentals, although Phase 2 of Ferncliff Village provides an exemplar in terms of design.

8. The Bethany South 40 Task Force has conferred on a number of occasions with Phedra Elliott, Executive Director of Housing Resources Bainbridge (HRB), and Stuart Grogan, Executive Director of Housing Kitsap, and both are supportive of Bethany's efforts. Indeed, Bethany and HRB have now agreed to collaborate in moving forward to implement the church's vision for affordable housing on its property.

9. The report of the City's Affordable Housing Task Force calls for community partnerships to address the housing crisis. Bethany sees itself as a community partner and believes that its vision would constitute an "Innovations Program", as envisioned in the City's Affordable Housing Task Force Report.

10. The Bethany South 40 Task Force is ready, willing, and able to move forward diligently to develop the South 40 for affordable housing!